



National Digital Currency Issuance Under Vietnamese Law*

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Abstract

The article analyzes the current situation and debates the digital currencies issued by a central bank. The results show that only a few countries have issued central bank digital currencies. The rest of the countries have begun to have institutional orientations for research on issuing and using the central bank digital currency. The strengths that lead to the central bank's choice of study and issuance of digital currency are a high level of security, convenience for money control in circulation, and the stable value guaranteed by the State, thereby contributing to the promotion of non-cash payments. In the context of accelerating the economy digitization, including digital banking, and promoting cash payments, Vietnam has had an orientation to research mechanisms, policies and laws for the issuance of national digital currency. In addition to reviewing, amending and supplementing the Law on the State Bank of Vietnam related to currency issuance, it is also necessary to fully prepare the technical infrastructure system.

Keywords: Digital Currency; Central Bank; Digital Currency Issuance; Law; Vietnam

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Penerbitan mata uang digital nasional di bawah hukum Vietnam

Abstrak

Artikel ini menganalisis situasi saat ini dan perdebatan tentang mata uang digital yang dikeluarkan oleh bank sentral. Hasil penelitian menunjukkan bahwa hanya beberapa negara yang telah menerbitkan mata uang digital bank sentral, negara-negara lainnya mulai memiliki orientasi institusional untuk penelitian penerbitan dan penggunaan mata uang digital bank sentral. Kekuatan yang menjadi pilihan bank sentral untuk penelitian dan penerbitan mata uang digital adalah tingkat keamanan yang tinggi, kemudahan pengendalian uang yang beredar, dan nilai stabil yang dijamin oleh negara, sehingga berkontribusi pada promosi pembayaran nontunai. Dalam rangka percepatan digitalisasi ekonomi, termasuk perbankan digital, dan promosi pembayaran tunai, Vietnam memiliki orientasi pada mekanisme penelitian, kebijakan dan undang-undang untuk penerbitan mata uang digital nasional. Untuk itu, selain mengkaji, mengamandemen, dan melengkapi Undang-Undang Bank Negara Vietnam terkait penerbitan mata uang, juga perlu menyiapkan sistem infrastruktur teknis secara menyeluruh.

Kata Kunci: Mata Uang Digital; Bank Sentral; Penerbitan Mata Uang Digital; Hukum; Vietnam

Выпуск национальной цифровой валюты в соответствии с законодательством Вьетнама

Абстрактный

В статье анализируется статус-кво и споры о выпуске центральным банком цифровой валюты. Результаты показывают, что только несколько стран выпустили цифровые валюты центральных банков, а другие страны начали сосредотачиваться на выпуске и использовании цифровых валют центральных банков. Преимуществами, которые побуждают центральный банк выбрать разработку и выпуск цифровой валюты, являются высокая безопасность, удобный валютный контроль в обращении, стабильная стоимость и национальная гарантия, что способствует продвижению безналичных платежей. В контексте ускорения цифровизации экономики, включая цифровой банкинг, и поощрения наличных платежей Вьетнам сосредоточил внимание на исследованиях механизмов, политики и законов для выпуска национальной цифровой валюты. Для этого, помимо внесения изменений, изменений и дополнений в законы Государственного банка Вьетнама о выпуске валюты, необходимо также должным образом подготовить систему технической инфраструктуры.

Ключевые слова: Цифровая Валюта; Центральный Банк; Выпуск Цифровой Валюты; Закон; Вьетнам

A. INTRODUCTION

Central bank digital currency issuance is a topic that has attracted researchers' attention to expand the theory of currency circulation and become managers' interest. Therefore, decisions on allowing the issuance of digital currencies by central banks directly impact the effectiveness of monetary policy regarding the storage, management, and use of digital currency in socio-economic life in each country.

It is undeniable that digital currencies invented by private organizations are being accepted as an increasingly popular means of Payment worldwide. This raises concerns about the risk of "playing second fiddle" or gradually losing the position of fiat money, which exists in physical form (paper money or coins) issued by the central bank. Therefore, the central banks of many countries have approved or started preparing to issue their digital currencies, from the infrastructure, circulation, security measures and regulatory frameworks for issuing, managing and using central bank digital currencies to ensure the ability to control digital currencies. Money supply and economic stability, especially against the backdrop of continuous scientific and technological advances and trends toward digitization of national and global economies.

In Vietnam, the digital currency has also appeared, and transactions of buying and selling this currency have become a popular investment channel for many investors. Although the majority of digital currency investments are for speculative purposes, the acceptance of digital currencies such as bitcoin as a means of Payment shows that the needs to use digital currency (of the private sector for Payment) are real, even in case the State of Vietnam does not recognize digital currency as a means of Payment in the economy.

To meet the requirements of building a digital government, a digital economy, and a digital society, as well as to actively adapt to the fourth industrial revolution, the process of digitizing banking activities is being promoted by the State Bank of Vietnam as well as credit institutions, in which, digital infrastructure for ensuring the safety of digital banking operations, protecting the interests of consumers as well as providing a reasonable and efficient allocation of capital to the economy are vital goals. In the Cashless Payment Development Project, Vietnam officially mentioned the central bank's digital currency with the name "national digital currency". Furthermore, it set out requirements to study mechanisms, policies, and laws to deploy the

issuance of national digital currency. Thus, the formalization of Vietnam's federal digital currency issuance is a step in line with the general trend of countries worldwide. To do this, in addition to reviewing the laws related to science, technology-information activities, electronic transactions and electronic payments, amending and supplementing regulations on money issuance in the Law of the State Bank of Vietnam should be made immediately.

B. METHODS

Legal research can be divided into normative legal analysis and empirical legal research. A normative juridical study of Law as a norm that uses a positivist logical concept and is identical to written norms by trying to find whether the Law is suitable to be applied to solve a particular problem. The source of research data is material Law, where the legal material is taken to help the formation of Law. Data Collection Method is documentation with primary data material obtained from applicable legislation and adjusted to the subject matter being studied. The Secondary Law material is obtained by carrying out an inventory of literature books, documents, and articles. In presenting data, this research will be presented in the form of a description compiled systematically following the systematic flow of the discussion. Methods of Data Analysis conducted with legal material obtained and then analyzed qualitatively, namely, analysis conducted by understanding and compiling data that has been accepted and collected systematically, then concluding.

The article is made based on a descriptive qualitative analysis method based on the primary data sources, which are publications and archives, which focus on political orientations, policies, the national digital transformation strategy, and the banking industry development strategy to 2025, a vision to 2030; the National Digital Transformation Program to 2025, with orientation to 2030 (Decision No. 749/QD-TTg dated June 3, 2020, of The Prime Minister); the Strategy for E-Government Development towards Digital Government in the 2021 - 2025 period, orientation to 2030 (Decision No. 942/QD-TTg dated June 15, 2021, of The Prime Minister) and the project of developing non-cash Payment in Vietnam for the period of 2021-2025 (Decision No. 1813/QD-TTg dated October 28, 2021, of The Prime Minister).

C. RESULTS AND DISCUSSION

1. Digital currencies and the central bank digital currencies: legislative debates and trends

The evolution of money forms: from physical money to digital money

Money is a financial instrument that fulfils essential functions as a medium of exchange, a unit of account, a store of value, and a deferred standard. To fulfil these four functions, money must be durable, movable, divisible, and difficult to counterfeit ([Shirai, 2019](#)). Cash provision for public use is an essential tool of central banks ([Bank for International Settlements 2020](#)).

Central bank money is defined as legal money; money must be accepted to pay a monetary debt, including legal taxes and penalties, which means that money acts as an intermediary in the exchange of goods. The value of money is expressed in the purchasing power of money, which is measured by the number of goods and services that can be used with the same amount of money value in a certain period. In the history of money development, paper money and coins have been popular. In addition, there is credit money - money in a trading account opened by a customer, be the owner has the right to request the bank to open the report to execute payment orders according to their needs. Customers must deposit paper money into their accounts to use the payment account. The transaction value of the credit money cannot exceed the balance on the payment account. Currently, credit institutions also issue debit cards to customers, whereby customers have full rights to use the card for limited payment purposes. When using a debit account, the customer becomes a borrower of the credit institution and must pay interest.

The development of science and technology results in the appearance of digital assets such as Bitcoin or the recently proposed Stablecoins from BigTech, such as Diem (formerly Libra), which is essentially the process of digitalization of currency and is increasingly being accepted and used by the public as an alternative payment to the central bank fiat money within a specific community. In this situation, central banks face increasing competition from private institutions which offer their digital cash alternatives ([David, Christian, Thomas, 2021](#)), which is essential to avoid the risk of losing control of the money supply and payment systems because the digital currency accepted as a

means of Payment between organizations and individuals is becoming more and more popular.

The growing popularity of digital currency payments that central banks or state agencies do not control will reduce the ability to control the money supply and the economy's stability. It can be affirmed that the appearance and popularity are reflected in the acceptance of digital currency as a payment driven by the market economy's financial dynamics.

In nature, digital currency is also known as a cryptocurrency created by complex cryptographic algorithms based on open-source software; it can be traded and sold entirely on the Internet environment and not under the management of any individual or organization (unless directly issued by the central bank); has the value equivalent to real money and has very high liquidity. Compared to electronic money, digital currencies have many advantages over virtual currencies and electronic money in terms of low volatility/risk, increased safety and reliability, low transaction costs, and the ability to store it in electronic form. It is also used as a payment instrument to a large extent thanks to the development of secondary transactions, and be convertible to fiat currency and vice versa ([Can, 2020](#)).

Despite many advantages, the response of governments and central banks to digital currencies, typically Bitcoin, is very different. Most governments and central banks emphasize the restriction, even preventing the use of cryptocurrencies for illegal activities such as money laundering, drug trafficking, tax evasion, fraud, terrorist financing and financial security due to the absence of central bank control. Based on the actual response can be divided into four main groups: warnings; declaration and clarification of legality; regulation, licensing, and supervision; and banning trading, and this response also changes over time ([Tran, Hoang, 2019, p.1-5](#)). This change is because the Government has always played a key role in providing money from the outside by providing public goods and regulating internal money provided by the private sector ([Michael, 2021](#)). Considering the acceptance of digital currency - a tradable asset will help the Government control and regulate money issued and accepted by the private sector and can tax transactions to increase revenue for the state budget.

2. Central Bank Digital Currency Identification

Central bank digital currency is an electronic form of cash issued by a central bank based on a combination of encryption technology and digital ledger, so it is a significant bank debt, used either as cash (if owned and held by the public) or as a central bank reserve (if only held by banks and other financial intermediaries that have access to the payment system) ([Náñez Alonso, Jorge-Vazquez, Reier Forradellas, 2021](#)). The Bank of England describes a central bank digital currency as "a form of central bank electronic money that households and businesses can widely use for payments and the value storage." ([Jamie Evans and Steve Browning, 2021](#))

According to Sergio Luis Náñez Alonso, Miguel Ángel Echarte Fernández, David Sanz Bas and Jarosław Kaczmarek ([2020](#)), there are various reasons why governments are quick and serious about researching the creation of a central bank digital currency as a means of Payment in parallel with cash or money that exists in the form of a journal entry in the payment accounts. The ability to issue and use a central bank-issued digital currency depends on the level of economic digitization and geographic dispersion, the level of the financial sector development and the popularity of cashless payments. Most of the reasons emphasizing the need to issue digital currencies are to promote cashless payments and combat tax fraud and money laundering.

In practice, there are still common concerns about whether digital currency can compete with decentralized cryptocurrencies such as Bitcoin, Ethereum, and Ripple. Even so, the advantages such as being issued by the central bank, being deposited in the central bank by the user (liability for the state bank), existing in anonymity (as with the bank reserves) or nominal (as with paper money), and is remunerated ([Náñez Alonso, Sergio L., Miguel Á. Echarte Fernández, David Sanz Bas, and Jarosław Kaczmarek. 2020](#)), and the value stability are the key factors in ensuring public acceptance of central bank digital currencies. According to Boston Consulting Group, as of April 2021, more than 60 countries have taken steps towards introducing central bank-issued digital currency for retail purposes ([Jamie Evans and Steve Browning 2021](#)).

Currently, there are also a number of central banks that issue digital currencies, but significant differences in technology platforms still exist. For example, if the Swedish electronic krona is currently being tested on blockchain technology, the Chinese central bank's yuan is not based on this technology.

And Chinese central bank is aiming to become the first major central bank to issue digital currency. The European Central Bank recently took the next step towards giving a digital euro at the launch of the exploration phase on July 14, 2021. The International Monetary Fund and the World Bank have supported the cross-border benefits of central bank digital currencies. They have stated that such projects will aid global development because the coordination in digital money will change the situation of depending on the high-cost and slow remittance services to conduct transactions worldwide ([Khanh Ly, 2021](#)).

So far, the concept of central bank digital currency has not been uniformly defined due to its characteristics, and the uniform method of issuance among countries, and it may be understood as a digital form of fiat money issued by a central bank or monetary authority of a sovereign country or territory with the function of a measure of value, medium of exchange and means of wealth storage ([Chu, 2021](#)), but the reasons for central banks to consider issuing digital currency are ([Tran, Hoang, 2019](#); [Amstad, Marlene; Huang, Bihong; Morgan, Peter J.; Shirai, Sayuri. 2020](#)):

- It ensures enough central bank money for the public.
- Reducing the printing cost and cash management costs and preventing crime.
- Promoting finance comprehensively.
- Increasing the effectiveness of the monetary policy.
- Increasing financial efficiency and stability.
- Promoting the competitiveness of the payment system.
- Promoting technology development.

Central banks' issuance of digital currency can make monetary policy more efficient and transform the international financial and Payment systems. However, currently, most central bank laws in many countries do not allow central banks to issue digital currencies to the public. The absence of regulations on issuing digital currencies in the Central Bank Laws of countries can cause legal, financial, and reputational risks for central banks, especially the identification of the "currency" ([Bossu, Wouter and Itatani, Masaru and Margulis, Catalina and Rossi, Arthur and Weenink, Hans and Yoshinaga, Akihiro 2020](#)) state of a digital currency is not the same as the currency in circulation, which exists in a particular physical form, but lives in the digital format. Moreover, regulations on central bank digital currency are related to the Treaty of European Union – a big challenge when the European central bank decides to issue digital currency ([Nabilou, Hossein, 2019](#)).

From the above analysis, it can be seen that digital currency is a new invention that recognizes a new state of the existence of currency and will continue to develop based on scientific and technological advances. No matter how countries treat digital currency, even if banning or not recognizing it as an official means of Payment in the economy, it still exists and is accepted as a means of Payment within a particular community. The prudent management approach to digital currency in recent times by central banks is considered to be slower than the progress and benefits of digital currency, especially the promotion of payment processes within the country and in international trade. Nevertheless, the signal of acceptance and the research for issuing a central bank digital currency is a good sign for formalizing a new form of currency. Each country will build the most appropriate implementation roadmap depending on its level of development, legislative capacity and technology infrastructure system. In other words, accepting the issuance of central bank digital currency will provide a new existing form of currency. This is the right step to take advantage of the advancements of digital currencies issued by the private sector and, at the same time, overcome the security gaps, the lack of a value guarantee mechanism (due to the lack of guarantee by the issuer and the market volatility); and an operating mechanism through intermediaries such as credit institutions will help the central bank keep up with technological developments and the current trend of building digital Government.

2. The premise for the issuance of a national digital currency by the State Bank of Vietnam

Digital currency transactions

The issue of digital currency, in which bitcoin is new and is attracting the attention of the whole society, significantly when the value of bitcoin constantly increases and continuously sets value records due to the limited quantity and "immunity" to national economic fluctuations or external influences (such as the Covid-19 epidemic) of "traditional" assets. Vietnam bitcoin first appeared in Vietnam in late 2013 and early 2014 in two major centres, Hanoi and Ho Chi Minh City. Digital currency transactions have been developing in the lives of people. However, informal crypto-money transfer activities have not yet developed and are still widespread in rural areas, along with other activities of fraud, lack of transparency ([Dang, T. T. 2019](#)), and the phenomenon of property appropriation fraud ([Nguyen, 2019, p.189-192](#); [Phan, Nguyen, 2019, p223-234](#)) has occurred. It is worth noting that the digital currency transactions that have

taken place in the past are mainly speculative, so they have attracted a lot of participants. This is evidenced by the Vietnamese Dong being one of the eight most used fiat currencies in actual crypto-currency and crypto-asset transactions worldwide ([Phan, Nguyen, 2019, p.215-216](#)).

Legally, Bitcoin is allowed to transact but not recognized by the Government as a currency or a means of Payment in the economy, and there is no precise regulation to manage and control it. There are a few cases of accepting digital currency as a means of public Payment, and cryptocurrency exchanges have also emerged ([Nguyen \(2019, p.178-183\)](#)). Due to virtual currencies' anonymity, the distributed operation, not being subject to the management of any agency or organization, and to avoid risks for participants in digital currency transactions, the Government and state agencies have repeatedly warned of the dangers as well as the risks of using virtual currencies for criminal activities (money laundering, terrorist financing, illegal money transfers, tax evasion, fraud) of the Government{ ut1} and the related government agencies ([Directive No. 02/CT-NHNN dated April 13, 2018, of the State Bank of Vietnam; Document No. 4486/UBCK-GSDC dated July 20, 2018, of the State Securities Commission](#)). However, Bitcoin transactions go beyond national borders and directly affect the international trading market. The consequence of this cross-border trade is that a large amount of foreign currency is still being "run" abroad to pay for Bitcoin - an asset, an object of transactions on the international market. These payment transactions, in the form, can be completely paid through the banking system by order of "paying for abroad property purchase", and of course, income from bitcoin trading is also not considered as personal-income taxable income and is not subject to value-added tax ([Judgment No. 22/2017/HC-ST dated January 29, 2017, of the People's Court of Ben Tre Province](#)).

It is worth noting that E-Government Development Strategy towards Digital Government period 2021-2025, orientation to 2030 which is promulgated together with Decision No. 942/QĐ-TTg dated June 15 2021, of the Prime Minister on the permission to research, build and pilot the use of virtual currency based on blockchain technology. This policy promises to bring about positive changes in awareness and attitudes from state agencies and society towards digital currency. Therefore, the Ministry of Information and Communications, Government Office, Ministry of Home Affairs, Ministry of Planning and Investment, Ministry of Finance and other ministries, ministerial-level agencies, Governmental agencies, and the People's Committees of the provinces and cities will actively implement the assigned tasks to quickly

establish a legal corridor to pilot the use of virtual currency based on blockchain technology in the activities of state agencies, economic activities as well as among all classes of people ([Decision 1255/QĐ-TTg dated August 21, 2017, of the Prime Minister of Vietnam](#)).

3. Digitization of the Banking Operations

In Vietnam, digital transformation is an irreversible trend. This is the transformation from the traditional way of living and working with entities to a way of living and working with entities and their connected digital versions in digital space ([Ho, 2020](#)) toward a vision to become a digital, stable and prosperous country by 2030, and pioneer in testing new technologies and models; fundamentally and comprehensively renovate the management and administration activities of the Government, the production and business activities of enterprises, the way of living and working of people; develop a safe, humane, and comprehensive digital environment ([Decision No. 749/QĐ-TTg dated June 3, 2020, of the Prime Minister of Vietnam](#)).

Digital transformation in the financial - banking sector is a priority area with the content of building electronic finance and establishing a modern and sustainable digital financial foundation. For commercial banks, digital transformation to provide digital banking services in the direction of diversifying distribution channels, innovation, process automation, and promotion of cooperation with financial technology companies and payment intermediaries in building a banking and financial services ecosystem to promote the universalization of national finance, bring financial - banking services closer to those in remote areas who have not been able to access or have not been served by banks, based on technological innovations such as mobile Payment, peer-to-peer lending and facilitate the loan accessibility with credit scoring solutions with a reliable customer database and the scoring model ([Decision No. 749/QĐ-TTg dated June 3, 2020, of the Minister of Vietnam](#)).

Regarding the contents, a digital bank has the full functions of a bank, from organizational structure to working processes, products and services, documents, and transaction methods with customers (including both digital in and digital out). Moreover, the digital bank is a high demand for technology, including innovation in financial services for customers around strategies on

digital application, application of artificial intelligence (A.I.), Payment, RegTech, big data, blockchain technology, APIs, distribution channels and technology, ([Pham, B.L., Nguyen, To, 2020](#)). Ensuring safe and uninterrupted banking transactions, especially payment transactions, especially in the context of innovative models such as social media, mobile, big data, cloud computing, internet of things, artificial intelligence, fin technology, blockchain, virtual reality, and the requirements of actual customer needs ([Naimi-Sadigh, Asgari, & Rabiei, 2021](#)) are decisive factors for the success of digital transformation in banking operations. In the coming years, the wave of cloud-based digital-mobile banking transformation through strategic partnerships, joint ventures, mergers, and acquisitions between Fintech and large technology companies, banks, and other financial institutions to create value and scale synergy is an inevitable trend. In that context, commercial banks will face the risk of losing revenue in the payments or remittance department, where the primary target of financial technology innovations with customer-centred services, where fintech cybersecurity will become a significant priority because banks or the banking applications with only digital are the standards ([Luigi Wewege, Jeo Lee and Michael C. Thomsett, 2020](#)). Thus, the physical state of money (paper money or coins) becomes an obstacle to the digitization of banking operations.

The development strategy of Vietnam's banking industry to 2025, orientation to 2030, issued together with the Prime Minister's Decision No. 986/QD-TTg dated August 8, 2018, which provides an exposure to improve the quality and diversify banking products and services now emphasizes the development of a large number of customers, especially in areas where people do not have access to banking services based on infrastructure; vigorously develop electronic payment methods such as online banking, Payment via the Internet and mobile phone, the contactless Payment and accept the contactless Payment, the contactless Payment via mobile phone, Payment via Q.R. Code, Tokenization. Ensuring security, the new and advanced security standards in line with payment trends in the world; ensuring fast Payment with security, safety, convenience and reasonable costs, as well as developing many value-added services on the banking service supplying channel from bank cards; developing a domestic chip card standard and implementing a plan to convert from the magnetic stripe cards to chip cards in Vietnam with an appropriate roadmap to ensure security and safety in card payment, and facilitate connection with other charges system are the primary development directions of credit institutions. With the orientation of digital banking development, the continuation of the issuance of banknotes (also called paper money) and coins needs to be reconsidered to create a driving force to promote the process of

digitizing banking activities, especially the provision of payment services through payment intermediaries in the economy.

4. Policies and laws for issuing Vietnam's National Digital Currency

Law on the State Bank: only banknotes and coins are accepted

Law No. 46/2010/QH12 on the State Bank of Vietnam (in the future referred to as Law No. 46/2010/QH12) stipulates the State Bank is the only agency that issues banknotes and coins of the Socialist Republic of Vietnam. Accordingly, the State Bank of Vietnam defines one of its principal roles as printing, minting, preserving and transporting banknotes and coins; performing the operation of issuing, withdrawing, replacing, and destroying banknotes and coins ([Law No. 46/2010/QH12 dated June 6, 2010, Clause 4, Article 8](#)). Based on the Government's regulations on currency issuance, including printing, minting, preserving, transporting, issuing, withdrawing, replacing, and destroying money, the expenses for money issuance operations ([Law No. 46/2010/QH12 dated June 6, 2010, Clause 1, Article 22](#)), the State Bank shall design the denominations, sizes, weights, drawings, patterns, and other characteristics of the money and then submit it to the Prime Minister for approval before organizing the printing, minting, preserving, transporting and issuing money into circulation ([Law No. 46/2010/QH12 dated June 6, 2010, Clause 1, Article 18](#)). Regarding currency materials, the current Law on the State Bank of Vietnam covers paper money and metal coins, which are legal means of Payment in the territory of the Socialist Republic of Vietnam (Law No. 46/2010/QH12 dated June 6, 2010, Clause 1, Article 17, Clause 2). To well manage the amount of money in circulation, one of the tasks of the development strategy of Vietnam's banking industry to 2025, with an orientation to 2030, is to manage cash and vault safety and, at the same time, gradually organize a good and efficient cash supply and continue to innovate and improve the quality and effectiveness of monetary statistics (Decision No. 986/QD-TTg dated August 8, 2018, of the Prime Minister of Vietnam). From a legal perspective on currency issuance, Vietnam has no regulations on issuing the central bank digital currency. The absence of restrictions on digital currency issuance in the current Vietnamese Law can explain that, at the time of promulgation of the State Bank Law, the issue of digital currency in general, Central Bank digital currency, has not yet become a matter of concern for Vietnamese legislators.

Banking industry development strategy to 2025, with orientation to 2030: the digital currency of the State Bank of Vietnam has not been mentioned yet

The development strategy of Vietnam's banking industry to 2025, with orientation to 2030, issued together with Decision No. 986/QĐ-TTg dated August 8, 2018, of the Prime Minister, does not mention the digital currency issuance of the State Bank; however, the cross-cutting content of the Strategy is to promptly seize opportunities and challenges from the impacts of the fourth industrial revolution; to develop, manage and supervise essential payment systems in the economy as well as develop modern banking products and services, create a basis for improving access to banking services, and set crucial preconditions for the adoption of national digital currency issuance. Specifically, regarding the monetary policy, the core content is the requirement to ensure financial stability and the legal mechanism to ensure that the State Bank has performed well in both the central bank function, which is independent and proactive in operating monetary policy and its role as a government agency. Accordingly, the monetary policy aims at controlling inflation, stabilizing the money value, maintaining macroeconomic stability, creating conditions to improve the efficiency of mobilization and capital allocation in the economy, and promoting sustainable economic growth.

To control inflation, contribute to macroeconomic stability, promote sustainable growth; ensure the safety and soundness of the credit institutions system; play a key role in ensuring financial stability; perform the role of payment systems supervision; be the payment and settlement centre for payment systems and the economic and monetary transaction systems in an economy; control the amount of money in circulation, it requires the monetary policy management to gradually change from operating according to money volume to mainly operating based on price; use indirect tools, slowly remove administrative measures on interest rates when conditions permit; continue to run open market operations in the direction of being the primary tool to regulate the available funds of credit institutions to achieve monetary policy objectives in each period. To achieve this goal, national digital currency issuance is the optimal solution, helping the State Bank to control the amount of money in circulation, and well-regulate capital sources, thereby achieving monetary policy effectiveness. This is even more important because Vietnam's economy is gradually shifting to the market mechanism so that administrative interventions can have immediate effects but do not solve the root of the problem, controlling the amount of money circulating in the economy.

Secondly, developing, managing, and supervising essential payment systems in the economy in the direction of restructuring the interbank electronic payment system towards centralization, and modernity, acting as the national backbone payment system, performing the role of the payment centre of the State Bank, serving the high-value payment system, inter-bank multi-currency Payment and connecting with other payment systems in the economy. In addition, the construction and development of an automatic electronic clearing system for retail payment transactions and card transactions to provide electronic clearing and switching services through different payment means, payment services, and payment channels, making payments in batches and in real-time, operating 24/7, serving many other objects are also solutions that need to be implemented in association with building and promulgating the development strategy of Vietnam National Payment Joint Stock Company to 2025, with orientation to 2030. In addition, the State Bank needs to perform an excellent supervisory role for essential payment systems in the economy, following supervision standards according to the principles set forth by the Bank for International Settlements (BIS) and The International Organization of Securities Commissions (IOSCO), ensure national payment systems to operate safely, efficiently and smoothly; effectively supervise cross-border payment activities and international payments; oversee the supply of new payment facilities and services; research and develop a strategy for the development of payment and settlement systems to 2025, with a vision to 2030.

Development of non-cash Payment for the period of 2021 – 2025: Request to complete the legal framework and mechanisms and policies on national digital currency

The current Vietnamese Law stipulates that non-cash Payment means used in payment transactions only include checks, payment orders, collection of Payment, collection orders, bank cards and other means of Payment according to regulations of the State Bank (Decree No. 80/2016/ND-CP dated July 1, 2016, of Vietnam Government, Article 1 Clause 1). Therefore, the development strategy of Vietnam's banking industry to 2025, with a vision to 2030, requires a reasonable expansion of the traditional channel network in combination with promoting the development of modern banking transaction channels (E-banking, mobile banking, internet banking) through the application of technical advances and continuing to develop and arrange the nationwide ATM and POS network properly to ensure efficiency and meet the better needs of the market;

encourages banks and other organizations to invest in and expand their ATM network to rural areas that are difficult to access to the bank's transaction points; researches and applies several modern ATMs with features; builds and implements a plan to develop bank card payment via the card-accepting devices from 2018 to 2020.

The project to develop non-cash Payment in Vietnam for the period of 2021 - 2025 emphasizes the development of modern payment services, applying the achievements of the fourth industrial revolution for the development of various payment products and services on a digitized platform, ensuring safety, security, and convenience for users, including the content to complete the legal corridor and mechanism, the policy of national digital currency (Decision No. 1813/QĐ-TTg dated October 28, 2021, of the Prime Minister of Vietnam). Accordingly, developing non-cash Payment based on new and modern payment products and services, based on the application of core technologies such as open application programming interface platform (Open API), artificial intelligence and extensive data analysis (A.I., Big Data, Data Analytics), Cloud Computing, Biometrics; promoting the application of payment products and services on mobile devices, such as Payment via Q.R. Code, encryption of card information (Tokenization), Mobile Payment, contactless Payment, E-wallet and encourage cooperation and connection between banks and Fintech companies to innovate, create, develop solutions, new payment models, and invest in development, arranging and increasing the functions and utilities on card payment acceptance devices with appropriate and practical forms.

D. CONCLUSION

Nowadays, digital currency and digital currency transactions have become popular and have been gradually introduced into Vietnam in the communication system and transaction practices. The recognition of digital currency - private money in payment transactions, even within a small community, has been putting pressure on central banks to ensure the effectiveness of monetary policy and protect the value of the national currency. Concerns about the ability of central bank digital currencies to compete with digital currencies issued by private institutions have been reinforced by state guarantees of the new form of money. It is based on a system of security, stability of value and convenience in transactions because it can be implemented directly from the central bank (in the case of financial

intermediaries) and through credit institutions. At the same time, the central bank's digital currency is circulated in parallel with banknotes and coins, which will be more convenient for users.

In the context that Vietnam is promoting the construction of a digital government, digital economy, and digital society, two essential policies have been mentioned related to digital currency, namely: i) allowing the research, building, and piloting the use of virtual currency based on blockchain technology (blockchain) and ii) perfecting the legal corridor, mechanisms, and policies on national digital currency. This is considered a timely decision in line with the general global trend. Requirements to complete the legal corridor and mechanisms and policies on national digital currency to create a legal basis for research and determine the content of the national digital currency are the main tasks that need to be implemented immediately. The most important thing now is to choose the nature of the national digital currency, its formation, management, and use mechanism, and the technology platform to operate. The results of research and actual testing will help the State shape the contents that need to be amended and supplemented to the Law on the State Bank of Vietnam - which regulates the issuance of money by central banks of Vietnam.

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